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C O N F I D E N T I A L SECTION 01 OF 02 BRUSSELS 000899

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SUBJECT: EU PUSHING FOR MORE DIALOGUE ON ASIA

Classified By: USEU POLMINCOUNS EARLE D. LITZENBERGER
FOR REASONS 1.4 (B) AND (D)

11. (SBU) SUMMARY: Assistant Secretary of State for East Asia and Pacific Affairs Chris Hill met with EU Foreign Policy Advisor Robert Cooper during a brief stop-over in Brussels February 17. Hill's perspective on key developments in DPRK, China, Burma and Indonesia were well-received by a fully-engaged Cooper. EU is now pushing to confirm dates for the next Asia (COASI) Troika and East Asia Strategic Dialogue to be held in Brussels. Participants listed paragraph 17.
END SUMMARY.

DPRK and the Six-Party Talks: What,s Next?

12. (C) Cooper noted EU interest in current Six-Party Talk developments. Cooper expressed strong EU support for Hill,s efforts to resolve the problem of DPRK,s nuclear program and added the efforts are especially welcome because &no one else has a strategy.8 Hill pointed out the necessity for collaboration amongst parties to the Talks and emphasized that it was up to the DPRK to genuinely demonstrate its accord with the negotiated deal offered in September 2005.

13. (C) Cooper wondered whether DPRK counterfeiting was "really a big deal8 and questioned its impact on Six-Party negotiations. Hill responded that nuclear proliferation in general was a great concern and potential DPRK proliferation was particularly problematic. Even given delicate DPRK negotiations, Hill said the U.S. could not &look the other way8 on counterfeiting. Hill pointed out that one positive development on the North Korean counterfeiting issue was China,s action to freeze certain assets of the Macau bank accused of acting as an intermediary. Hill added the issue highlighted the importance of regular China-U.S. engagement, which was complemented by Deputy Secretary Zoellick,s initiative on a U.S.-China Senior Dialogue.

14. (C) The North Korea - South Korea dynamic was of interest to Cooper who assessed that the ROK feels it must make a long-term effort to assist the DPRK. He maintained the ROK believed it would eventually inherit the DPRK -- a country with "malnourished, non-competitive citizens." Cooper added that China,s acquisition of raw materials in the DPRK concerned the ROK as the latter believed the DPRK would &sell all8 to China -- this actuality was an incentive for ROK support to DPRK, he surmised.

China: A Responsible Stakeholder, or Not?

15. (C) Cooper asked for Hill's assessment of developments in China in the areas of raw materials acquisition (including oil) and rural stability and questioned whether China is acting in a manner consistent with that of a responsible global stakeholder. Cooper wondered whether the U.S. was expressly concerned about China's dearth of natural resources and if the U.S. worried that Chinese behavior would distort international markets.

16. (C) Hill assessed that China was quite nervous about slow growth, hence its aggression in securing economic deals. He noted that Chinese foreign policy appeared driven by domestic weaknesses and added that there exist concerns about China's economic behavior by various publics in the U.S., including the small business, human rights and light industrial sectors. Hill assessed that China was a "symbol of structural transformation," and noted the manner in which China had exploited the U.S. market -- including the loss of jobs in certain sectors -- contributed to negative U.S. perceptions.

Burma: Getting Worse

17. (C) Hill noted China had not been helpful on Burma and believed the situation in that country was deteriorating. Cooper agreed and said the EU was very concerned about Suu Kyi's incarceration. He mentioned the EU would allow Burmese to come to the Association of Southeast Asian Nations (ASEAN)- EU meetings because ASEAN members indicated they would not appear unless the Burmese were represented. Cooper added the EU was "not very good at relating to Asia right now," and suggested that the visa ban had not helped the EU position with ASEAN countries.

Indonesia: Positive Movement

18. (C) Both Hill and Cooper agreed Indonesia had made progress. Cooper indicated he recently traveled to Indonesia and received an impressive level of cooperation. He added that Indonesia's abstention at the recent IAEA Board meeting on Iran's nuclear program was an indication that Indonesia saw itself as a "mediator," a welcome sign. Cooper indicated EU HiRep Solana plans to visit Indonesia in April.

Comment

Dialogue Dates:

19. (C) EU representatives are anxious to confirm dates for the next COASI and East Asia Strategic Dialogue -- currently proposed by the EU for June 8 and June 9 in Brussels. Cooper's staff contacted USEU subsequent to the Hill/Cooper meeting to request assistance in setting firm dates. We should expect EU Asia representatives to continue pressing for confirmation as Austria is looking to host the meetings before the end of its presidency on June 30.

Expert-level Working Groups on DPRK:

10. (C) In the meeting with Hill, Cooper noted the Austrian Presidency had expressed an interest in developing expert-level working groups, including on North Korea. EU representatives have expressed interest in lending more concrete support to the Six-Party Talks. European Council and European Commission Asia staff have asked how the EU can "do more to help." Specific interest in a future long-term development assistance role at the conclusion of Six-Party negotiations has been informally advocated as an option.

Participants

11. (U) Participants

United States

Christopher Hill, Assistant Secretary of State for East Asia and Pacific Affairs
Kamala Lakhdir, EAP Special Assistant
Michael McKinley, USEU Deputy Chief of Mission
Margaret B. Diop, USEU Poloff

European Union

Robert Cooper, Director General for External Economic Relations and Common Foreign and Security Policy
Tomasz Kozlowski, Council Secretariat Head of Task Force Asia
Chris Holtby, Asia and Pacific Policy Unit

13. (U) Assistant Secretary Hill has cleared on this cable.

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